

**SUPPLEMENT DATED 21 DECEMBER 2020 TO THE BASE PROSPECTUS DATED 27 APRIL 2020 AS PREVIOUSLY SUPPLEMENTED BY THE FIRST SUPPLEMENT DATED 8 JUNE 2020, THE SECOND SUPPLEMENT DATED 2 SEPTEMBER 2020 AND THE THIRD SUPPLEMENT DATED 9 SEPTEMBER 2020.**



## **CPI PROPERTY GROUP**

a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 40, rue de la Vallée, L-2661 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) under number B102254

## **EUR 8,000,000,000 Euro Medium Term Note Programme**

This Supplement (the **Supplement**) to the Base Prospectus dated 27 April 2020 as previously supplemented by the first supplement (the **First Supplement**) dated 8 June 2020, the second supplement (the **Second Supplement**) dated 2 September 2020 and the third supplement (the **Third Supplement**) dated 9 September 2020 (as so supplemented, the **Base Prospectus**) constitutes a prospectus supplement for the purposes of Article 23 of Regulation (EU) 2017/1129 (the **Prospectus Regulation**). This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and is prepared in connection with the EUR 8,000,000,000 Euro Medium Term Note Programme established by CPI Property Group (the **Issuer**). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

This Supplement has been approved by the Central Bank of Ireland (the **Central Bank**) as competent authority under the Prospectus Regulation. The Central Bank only approves this Supplement as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer the information contained in this Supplement is in accordance with the facts and makes no omission likely to affect the import of such information.

### **Purpose of the Supplement**

The purpose of this Supplement is to:

- (a) reflect the (i) removal of the Original Parties (as defined herein) from their roles under the Programme, and (ii) appointment of the Successor Parties (as defined herein) to their roles under the Programme;
- (b) incorporate by reference the Issuer's unaudited consolidated interim financial statements as at and for the nine month period ended 30 September 2020;
- (c) update the sections of the Base Prospectus entitled (i) "Description of the Issuer", (ii) "Terms and Conditions of the Senior Notes"; (iii) "Terms and Conditions of the Subordinated Notes" and (iv) "Subscription and Sale"; and
- (d) include a new "Significant or Material Change" statement.

## Removal of Original Parties and appointment of Successor Parties

In keeping with the Issuer's policy of reducing complexity and increasing efficiency, while also keeping to the Issuer's policy of engaging in treasury and back office activities only with banks who are lenders under the Issuer's EUR700 million revolving credit facility due 2026 (the **Issuer Policies**), the Issuer launched a consent solicitation on 17 December 2020 in relation to 16 Series of Notes issued under the Programme and which are currently outstanding (the **Currently Outstanding Notes**) in order to seek the approval by an Extraordinary Resolution of the holders of the Currently Outstanding Notes to:

1. remove Deutsche Trustee Company Limited as original trustee (the **Original Trustee**) under the relevant trust deed and the relevant agency agreement for each Series of Currently Outstanding Notes;
2. appoint HSBC Corporate Trustee Company (UK) Limited as successor trustee (**Successor Trustee**) under the relevant trust deed and the relevant agency agreement for each Series of Currently Outstanding Notes in place of the Original Trustee; and
3. make certain amendments to each Series of Currently Outstanding Notes, the relevant trust deeds and the relevant agency agreements to reflect:
  - (a) the removal of the Original Trustee under the relevant trust deed and the relevant agency agreement for each Series of Currently Outstanding Notes and the removal of Deutsche Bank AG, London Branch as original principal paying agent and original agent bank and Deutsche Bank Luxembourg S.A. as original registrar and original transfer agent under the relevant agency agreement for each Series of Currently Outstanding Notes in each case in accordance with the terms of the relevant trust deed and/or the relevant agency agreement (as applicable) and as applicable to the relevant Series of Currently Outstanding Notes; and
  - (b) the appointment of the Successor Trustee under the relevant trust deed and the relevant agency agreement for each Series of Currently Outstanding Notes and HSBC Bank plc as successor principal paying agent, successor registrar, successor agent bank and successor transfer agent under the relevant agency agreement for each Series of Currently Outstanding Notes, in each case in accordance with the terms of the relevant trust deed and/or the relevant agency agreement (as applicable) and as applicable to the relevant Series of Currently Outstanding Notes.

The Issuer expects the Extraordinary Resolutions to approve the proposals outlined above to be passed at a meeting of the holders of the Currently Outstanding Notes to be held in January 2021. With effect from the date of the approval of the Extraordinary Resolutions (the **Replacement Date**), it is expected that Deutsche Trustee Company Limited, Deutsche Bank AG, London Branch and Deutsche Bank Luxembourg S.A. will be removed from their respective roles in respect of the Currently Outstanding Notes and will be replaced by HSBC Corporate Trustee Company (UK) Limited and HSBC Bank plc (as applicable) (the **Replacement**) in respect of the Currently Outstanding Notes only.

In line with the Issuer Policies and with effect from the date of this Supplement, the Issuer has terminated the appointment of the following parties which are removed from their respective roles under the Programme and in respect of any future issuances of Notes under the Programme:

Deutsche Trustee Company Limited as original trustee (**Original Trustee**), Deutsche Bank AG, London Branch as original issuing and principal paying agent (**Original Principal Paying Agent**) and original agent bank (**Original Agent Bank**) and Deutsche Bank Luxembourg S.A. as original registrar (**Original Registrar**) and original transfer agent (**Original Transfer Agent**) (Original Trustee, Original Principal Paying Agent, Original Agent Bank, Original Registrar and Original Transfer Agent together **Original Parties**).

In line with the Issuer Policies and pursuant to (i) an amended and restated trust deed dated 21 December 2020 between the Issuer and HSBC Corporate Trustee Company (UK) Limited (the **Trust Deed**), and (ii) an amended and restated agency agreement dated 21 December 2020 between the Issuer and HSBC Bank plc (the **Agency Agreement**), with effect from the date of this Supplement, the following parties are appointed under the Programme and in respect of any future issuances of Notes under the Programme:

HSBC Corporate Trustee Company (UK) Limited as successor trustee (**Successor Trustee**), HSBC Bank plc as successor principal paying agent (**Successor Principal Paying Agent**), successor registrar (**Successor Registrar**), successor agent bank (**Successor Agent Bank**) and successor transfer agent (**Successor Transfer Agent**) (Successor Trustee, Successor Principal Paying Agent, Successor Agent Bank, Successor Registrar and Successor Transfer Agent together **Successor Parties**).

Accordingly, all references to each of the Original Parties in the Base Prospectus acting in their respective capacities are deemed to be read as references to the Successor Parties acting in such capacities as relevant. The Trust Deed and the Agency Agreement will be made available for inspection at [www.cpihg.com/for-investors-en](http://www.cpihg.com/for-investors-en).

In order to reflect the appointment of the Successor Parties, the following amendments have been made to the Terms and Conditions of the Senior Notes and the Terms and Conditions of the Subordinated Notes set out in the Base Prospectus:

#### **Terms and Conditions of the Senior Notes**

The section of the Base Prospectus entitled "*Terms and Conditions of the Senior Notes*" shall be amended in the manner described below.

*The second paragraph on page 65 of the Base Prospectus shall be deleted and replaced with the following:*

"This Senior Note is one of a Series of Senior Notes issued by CPI Property Group, a *société anonyme* with its registered office at 40, rue de la Vallée, L-2661 Luxembourg and registered with the Register of Commerce and Companies of Luxembourg under number B102254 (the **Issuer**) constituted by an Amended and Restated Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 21 December 2020 made between the Issuer and HSBC Corporate Trustee Company (UK) Limited (the Trustee, which expression shall include any successor as Trustee)."

*The fourth paragraph on page 65 of the Base Prospectus shall be deleted and replaced with the following:*

"The Senior Notes (as defined below) and the Coupons (as defined below) have the benefit of an Amended and Restated Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 21 December 2020 and made between the Issuer, the Trustee, HSBC Bank plc as issuing and principal paying agent (the **Principal Paying Agent**, which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents) and HSBC Bank plc as registrar (the **Registrar**, which expression shall include any successor registrar) and a transfer agent and the other transfer agents named therein (together with the Registrar, the **Transfer Agents**, which expression shall include any additional or successor transfer agents). The Principal Paying Agent, the Calculation Agent (if any is specified in the applicable Final Terms), the Registrar, the Paying Agents and the other Transfer Agents are together referred to as the **Agents**."

*The first sentence of the first paragraph of Condition 15 (Meetings of Noteholders, and Modification, Waiver) on page 105 of the Base Prospectus shall be deleted and replaced with the following:*

"The Trust Deed contains provisions for convening meetings of the Noteholders (including by means of audio or video conference call) to consider any matter affecting their interests, including the sanctioning by

Extraordinary Resolution of a modification of the Senior Notes and the Coupons or any of the provisions of the Trust Deed and/or Agency Agreement."

### **Terms and Conditions of the Subordinated Notes**

The section of the Base Prospectus entitled "*Terms and Conditions of the Subordinated Notes*" shall be amended in the manner described below.

*The second paragraph on page 109 of the Base Prospectus shall be deleted and replaced with the following:*

"This Subordinated Note is one of a Series of Dated Subordinated Notes or Undated Subordinated Notes (as specified in the applicable Final Terms) issued by CPI Property Group a *société anonyme* with its registered office at 40, rue de la Vallée, L-2661 Luxembourg and registered with the Register of Commerce and Companies of Luxembourg under number B102254 (the **Issuer**) constituted by an amended and restated Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 21 December 2020 made between the Issuer and HSBC Corporate Trustee Company (UK) Limited (the **Trustee**, which expression shall include any successor as Trustee)."

*The fourth paragraph on page 109 of the Base Prospectus shall be deleted and replaced with the following:*

"The Subordinated Notes and the Coupons (as defined below) have the benefit of an Amended and Restated Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 21 December 2020 and made between the Issuer, the Trustee, HSBC Bank plc as issuing and principal paying agent and the agent bank (the **Principal Paying Agent** and the **Agent Bank**, respectively, which expressions shall include any successor thereto) and the other paying agents named therein (together with the Principal Paying Agent and the Agent Bank, the **Paying Agents**, which expression shall include any additional or successor paying agents) and HSBC Bank plc as registrar (the **Registrar**, which expression shall include any successor registrar) and a transfer agent and the other transfer agents named therein (together with the Registrar, the **Transfer Agents**, which expression shall include any additional or successor transfer agents). The Principal Paying Agent, the Registrar, the Paying Agents and the other Transfer Agents are together referred to as the **Agents**."

*The first sentence of the first paragraph of Condition 14.1 (Meetings of Noteholders) on page 135 of the Base Prospectus shall be deleted and replaced with the following:*

"The Trust Deed contains provisions for convening meetings of the Noteholders (including by means of audio or video conference call) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Subordinated Notes and the Coupons or any of the provisions of the Trust Deed and/or Agency Agreement."

### **Interim Financial Statements for the nine month period ended 30 September 2020**

On 30 November 2020, the Issuer published its interim management report (the **Q3 Interim Report**), which contains the Issuer's unaudited consolidated interim financial statements as at and for the nine month period ended 30 September 2020 (the **Q3 Financial Statements**). A copy of the Q3 Interim Report has been filed with the Central Bank and, by virtue of this Supplement, the Q3 Financial Statements, as set out on the following pages of the Q3 Interim Report, are incorporated in, and form part of, the Base Prospectus:

Financial highlights .....	Page 4
Statement of Comprehensive Income .....	Pages 5-6
Balance Sheet .....	Pages 7-8

Glossary .....	Page 9
APM Reconciliation .....	Pages 10-11

Any other information incorporated by reference that is not included in the cross-reference list above is considered to be additional information to be disclosed to investors rather than information required by the relevant Annexes of Commission Delegated Regulation (EU) No. 2019/980.

Copies of the Q3 Interim Report will be available for viewing on the website of the Issuer at: <https://www.cpihg.com/reports-presentations#tab-item-2>.

## **Description of the Issuer**

### *Litigation*

With effect from the date of this Supplement, the information appearing on page 187 of the Base Prospectus under the heading "*Description of the Issuer – Litigation – Kingstown dispute in Luxembourg*" shall be amended by deleting the third paragraph under this heading and replacing it with the following paragraph:

"On 21 June 2019, the Issuer received a first instance judgment which declared that a claim originally filed by Kingstown in 2015 was null and void against the Issuer. The Court dismissed the claim against the Issuer because the claim was not clearly pleaded ("*libellé obscur*"). Specifically, Kingstown did not substantiate or explain the basis of their claim against the Issuer, and failed to demonstrate how the Issuer committed any fault. On 4 December 2020, in relation to Kingstown's claim against CPI FIM SA and other defendants, the Court announced a schedule for the hearing of the merits of Kingstown's claim. The parties are scheduled to present their written submissions during the first half of the 2021, with pleading scheduled to follow in the second half of the year."

With effect from the date of this Supplement, the information appearing on pages 187 and 188 of the Base Prospectus under the heading "*Description of the Issuer – Litigation – Kingstown Dispute in the United States*" as amended by the Third Supplement, shall be amended by deleting the last paragraph under this heading and replacing it with the following paragraphs:

"Due to the prior pending action and based on forum non conveniens, the SDNY Court granted dismissal and never considered the merits of the case.

On 18 September 2020, the Issuer filed a motion to dismiss a defamation complaint that was brought by Kingstown on 3 June 2020 in New York State court. The Issuer categorically denies all allegations and believes the argument for dismissal is strong.

On 2 October 2020, the Kingstown Plaintiffs filed a notice of their intention to appeal the SDNY Court ruling to the United States Court of Appeals for the Second Circuit. The briefing schedule and timetable for the case has not been set. The Issuer believes the basis for such appeal is exceptionally weak and the CPI Defendants will defend the appeal vigorously."

### *Recent developments*

In the section of the Base Prospectus entitled "*Description of the Issuer – Recent Developments*" on pages 189 - 190 of the Base Prospectus, the following paragraphs shall be inserted at the end of such section:

#### ***"New Hungarian Forint-denominated Green Bond Issuance***

On 7 August 2020, CPI Hungary Investments issued HUF 30,000,000,000 2.25 per cent. Green Bonds due guaranteed by the Issuer 2030.

#### ***Tender Offer Results***

On 8 September 2020, the Issuer announced tender offers (the **Offers**) targeting the Issuer's €550 million 4.375 per cent. Fixed Rate Resetable Undated Subordinated Notes (the **2023 Hybrid Notes**) and €610 million 1.450 per cent. Senior Notes due 2022 (the **2022 Notes**). On 16 September 2020, the Issuer announced that €328 million of the 2023 Hybrid Notes and €12 million of 2022 Notes validly tendered were accepted for purchase by the Issuer in the Offers. In total during 2020, the Group has repaid more than €1.2 billion of senior unsecured bonds, Schuldschein and hybrid bonds in advance of the scheduled maturity or call date.

#### ***New Hybrids Issuance***

On 16 September 2020, the Issuer completed the issuance of €500 million 4.875 per cent. Fixed Rate Resetable Undated Subordinated Notes (the **New Hybrids**) under the Programme. On 17 September 2020, the Issuer issued €25 million of additional New Hybrids, bringing the total notional amount to €525 million. The New Hybrids will be treated as equity for IFRS accounting purposes and will receive 50 per cent. equity credit from both Moody's and Standard & Poor's. Proceeds from the New Hybrids are intended for general corporate purposes, with a primary focus on lengthening the Group's refinancing profile and further reducing gross debt.

#### ***Investment into Nova RE***

On 2 October 2020, the Issuer submitted a binding offer to participate in a capital increase of Nova RE SIIQ S.p.A. (**Nova RE**). The offer was approved by the board of Nova RE on 7 October 2020. The Issuer subscribed for shares of Nova RE at a price of €2.36 per share, for total consideration of approximately €26 million. Following the capital increase of Nova RE, the Issuer owns more than 50 per cent. of the shares of Nova RE and launched a mandatory takeover offer (the **Offer**) for the remaining shares in Nova RE at €2.36 per share. The Offer was filed with the *Commissione Nazionale per le Società e la Borsa* (**CONSOB**) on 23 November 2020 and, on 9 December 2020, CONSOB approved the Offer and the documentation submitted in connection with the Offer (the **Offer Document**). Pursuant to CONSOB's approval, the acceptance period in relation to the Offer began on 14 December 2020 and will conclude on 8 January 2021 (unless otherwise extended). On 11 December 2020, the Issuer announced the publication of the Offer Document, which contains a detailed description of the terms of the Offer and is available on the website of the Issuer ([www.cpipg.com](http://www.cpipg.com)).

Nova RE owns income-generating properties primarily in Rome, Milan, and Bari valued at €123.3 million as of 30 June 2020. Nova RE is one of only five Italian companies to obtain SIIQ (*Società di Investimento Immobiliare Quotata*) status, which is similar to a REIT regime and offers tax benefits for investors. The Issuer expects that Nova RE will be a platform for the Group's current and future investments in Italy. The Nova RE management team is experienced and capable, and will likely benefit from the Issuer's organisation, resources, support and expertise. The Issuer has a solid track record in Italy, with a property portfolio valued at €67 million as at 30 June 2020. Through Nova RE, the Issuer may consider further investments in Italy where exceptional value can be created. By acquiring control of an SIIQ, the Issuer also gains a tax-efficient platform to attract third-party equity investors in the future.

### *Update on Second Wave of Covid-19*

On 21 October 2020, the government of the Czech Republic ordered all non-essential shops to close. Essential retailers such as grocers, pharmacies, pet stores, flower shops and newsagents remained open, representing about 42 per cent. of the Issuer's Czech retail portfolio by GLA.

In conjunction with the new restrictions, the Czech government announced support for retail tenants affected by the closures in the form of a subsidy covering 1.5 months of rent. While the new support package resembles the highly effective measures enacted during the first half of 2020, in the latest version, landlords are not required to provide discounts as a precondition to the government subsidies.

Occupancy in the Issuer's Czech retail portfolio was 97 per cent. as of the first half of 2020. The Group continues to work with tenants to preserve a high level of occupancy and an optimal shopping experience across its Czech shopping centres and retail parks. While hygiene measures and social distancing resulted in slightly lower footfall in the third quarter of 2020, relative to the third quarter of 2019, tenant sales rebounded to 2019 levels.

In contrast to the lockdown in early 2020, the borders of the Czech Republic remain open and business travel (and related hotel stays) are permitted. The Group continues to carefully manage hotel operating expenses and is pleased that the Czech government will cover 100 per cent. of salaries for hotel employees who are not working during the emergency period.

The vast majority of the Issuer's office, residential and other properties are unaffected by recent Covid-19 developments. On 29 November 2020, following a significant decline in new Covid-19 cases and related deaths, the Czech government approved the reopening of all retail units from 3 December 2020. As of the date of this Base Prospectus, nearly all of the Issuer's portfolio across the Czech Republic, Berlin, Warsaw, and other locations is open and operating normally.

### *Rent Collection Rates*

The initial outbreak of Covid-19 had a mild effect on the Issuer's rent collections during the first nine months of 2020. The Group collected 94 per cent. of the rent in first half of the year and 89 per cent. of the second quarter rent before the effect of any discounts provided mostly to retail tenants. Third quarter collections were strong at 95 per cent. before discounts, reflecting the strength of the Issuer's tenant base.

Total discounts agreed by the Issuer during the first half of 2020 amounted to €7.8 million, or 4.4 per cent. of the Group's gross rental income in the first half of the year.

The table below summarizes the Group's collection rates for the second quarter, first half and third quarter of 2020:

	Q2 2020		H1 2020		Q3 2020	
	before discounts	after discounts	before discounts	after discounts	before discounts	after discounts
Group	89%	96%	94%	98%	95%	97%
Office	97%	97%	99%	99%	98%	98%
Retail	76%	94%	87%	97%	90%	95%
Residential	99%	99%	99%	99%	98%	98%

### *New Revolving Credit Facility*

On 25 November 2020, the Issuer signed a new €700 million revolving credit facility with ten international banks (the **Revolving Credit Facility**). The Revolving Credit Facility matures in January 2026 and replaces

the Group's existing €510 million revolving credit facility, which matures in 2022. Lenders to the Revolving Credit Facility are Banco Santander S.A., Bank of China (CEE) Ltd. Prague Branch, Barclays Bank PLC, Raiffeisen Bank International AG, Komerční Banka, A.S., Credit Suisse AG, London Branch, Goldman Sachs International, HSBC France, J.P. Morgan Securities PLC and Unicredit Bank Czech Republic and Slovakia.

### ***Capitalisation and Liquidity***

As of the date of this Base Prospectus and following the signing of the Revolving Credit Facility, the Issuer's total available liquidity is in excess of €1.3 billion.

### ***Residential Acquisition in the UK***

In the fourth quarter of 2020, the Group acquired St. Mark's Court, located in St. John's Wood in North London. St. Mark's Court is a rare unbroken freehold terrace and lot consisting of 24 apartments with the potential for future expansion. The acquisition of St. Mark's Court was in line with the Group's strategy of investing selectively in the residential sector in the UK.

### ***Management***

On 6 December 2020, the Issuer announced, with immediate effect, the resignation of Mr Radovan Vitek and Mrs Marie Vitek from the Board, and the appointment of Mr Jonathan Lewis to the Board as an independent non-executive director.

Mr and Mrs Vitek's decision to retire from the Board was informed by personal reasons and does not impact Mr Vitek's shareholding in, or his commitment to, the Group.

Mr Lewis is an independent London-based real estate consultant who practiced as a solicitor for forty years. As at the date of this Base Prospectus, the Board consists of three independent non-executive directors (Edward Hughes, Omar Sattar and Jonathan Lewis) and four members of the Issuer's management (Martin Němeček, Tomáš Salajka, Philippe Magistretti and Oliver Schlink)."

### **Subscription and Sale**

With effect from the date of this Supplement, the first sentence of the first paragraph under the heading "*Subscription and Sale*" on page 203 of the Base Prospectus shall be deleted and replaced with the following sentence:

"The Dealers have, in an Amended and Restated Programme Agreement (such Amended and Restated Programme Agreement as modified and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated 21 December 2020, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes."

### **Significant/Material Change**

The paragraph "*Significant or Material Change*" on page 208 of the Base Prospectus shall be deemed deleted and replaced with the following paragraph:

#### **"Significant or Material Change**

There has been no significant change in the financial performance or financial position of the Group since 30 September 2020 and there has been no material adverse change in the financial position or prospects of the Group since 31 December 2019."



**General**

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or material inaccuracy relating to information included in the Base Prospectus.